Ameritech - Refund Liability for Add-Back Order (\$000's)

	19	92 Sharing Calculat	ion	19	93 Sharing Calcula	tion
	_	Adjusted		_	Adjusted	
	As Filed	for Add-back	<u>Difference</u>	As Filed	for Add-back	Difference
Revenue	2,096,755	2,105,850	9,095	2,169,383	2,186,297	16,914
Expenses and Taxes	1,712,362	1,715,734	3,372	1,725,599	1,732,043	6,444
Net Return	384,393	390,116	5,723	443,784	454,254	10,470
Average Net Investment	3,005,755	3,005,755	<u>-</u> _	2,998,024	2,998,024	-
Rate of Return	12.79%	12.98%	0.19%	14.80%	15.15%	0.35%
100% Sharing Benchmark	16.75%	16.75%	0.00%	16.75%	16.75%	0.00%
Excess Return subject to 100% Sharing	n/a	n/a	n/a	n/a	n/a	n/a
Average Net Investment	3,005,755	3,005,755	<u>-</u>	2,998,024	2,998,024	-
Excess Earnings subject to 100% Sharing	n/a	n/a	n/a	n/a	n/a	n/a
50% Sharing Benchmark	12.25%	12.25%	0.00%	12.25%	12.25%	0.00%
Excess Return subject to 50% Sharing	0.54%	0.73%	0.19%	2.55%	2.90%	0.35%
Average Net Investment	3,005,755	3,005,755	-	2,998,024	2,998,024	-
Excess Earnings subject to 50% Sharing	16,188	21,911	5,723	76,526	86,996	10,470
Sharing Percentage	50%	50%	0%	50%	50%	0%
Earnings shared at 50%	8,094	10,956	2,862	38,263	43,498	5,235
Total Earnings to be Shared	8,094	10,956	2,862	38,263	43,498	5,235
Income tax gross-up	4,769	6,455	1,686	23,550	26,772	3,222
Interest at 11.25%	1,447	1,959	512	6,954	7,905	951
Total Sharing Refund prior to headroom offset	14,310	19,369	5,059	68,767	78,176	9,408
Offset for Headroom			(2,683)			(4,990)
Total Sharing Refund after headroom offset, excluding	interest	-	2,376		-	4,418
Cumulative interest			1,793			2,828
Total Sharing Refund after headroom offset, including i	nterest	=	4,169		=	7,246
Total 1992 and 1993 Refund Liability						11,415
Add-back Amounts for Prior Years' Sharing	Source 4/92 TFP	0.005				
Add-back for 1st half of 1991 Sharing		9,095			0.005	
Add-back for 2nd half of 1991 Sharing	4/92 TFP	-			9,095	
Add-back for 1st half of 1991 Sharing True-up	4/93 TFP 4/93 TFP	-			662	
Add-back for 1st half of 1992 Sharing Total	4/93 1 6	9,095		_	7,157 16,914	
ı olai	=	9,095		=	10,914	
Effective tax rate		37.075%			38.099%	

Pacific Bell - Refund Liability for Add-Back Order (\$000's)

	19.	92 Sharing Calculat	ion	19	1993 Sharing Calculation					
		Adjusted			Adjusted					
	As Filed	for Add-back	<u>Difference</u>	As Filed	for Add-back	Difference				
Revenue	1,505,414	1,505,414	-	1,575,156	1,576,977	1,821				
Expenses and Taxes	1,196,711	1,196,711		1,258,941	1,259,688	747				
Net Return	308,703	308,703	-	316,215	317,288	1,073				
Average Net Investment	2,390,467	2,390,467		2,461,226	2,461,226					
Rate of Return	12.91%	12.91%	0.00%	12.85%	12.89%	0.04%				
100% Sharing Benchmark	16.75%	16.75%	0.00%	16.75%	16.75%	0.00%				
Excess Return subject to 100% Sharing	n/a	n/a	n/a	n/a	n/a	n/a				
Average Net Investment	2,390,467	2,390,467	-	2,461,226	2,461,226	-				
Excess Earnings subject to 100% Sharing	n/a	n/a	n/a	n/a	n/a	n/a				
50% Sharing Benchmark	12.75%	12.75%	0.00%	12.25%	12.25%	0.00%				
Excess Return subject to 50% Sharing	0.16%	0.16%	0.00%	0.60%	0.64%	0.04%				
Average Net Investment	2,390,467	2,390,467		2,461,226	2,461,226					
Excess Earnings subject to 50% Sharing	3,918	3,918	-	14,715	15,788	1,073				
Sharing Percentage	50%	50%	0%	50%	50%	0%				
Earnings shared at 50%	1,959	1,959		7,357	7,894	537				
Total Earnings to be Shared	1,959	1,959	-	7,357	7,894	537				
Income tax gross-up	1,314	1,314	-	5,122	5,496	374				
Interest at 11.25%	368	368		1,404	1,506	102				
Total Sharing Refund prior to headroom offset	3,641	3,641		13,884	14,896	1,013				
Offset for Headroom			-			(281)				
Total Sharing Refund after headroom offset, excluding	ng interest	-	-		•	732				
Cumulative interest						469				
Total Sharing Refund after headroom offset, including	g interest	=			· =	1,200				
Total 1992 and 1993 Refund Liability						1,200				
Add-back Amounts for Prior Years' Sharing	Source									
Add-back for 1st half of 1991 Sharing		-			-					
Add-back for 2nd half of 1991 Sharing		-			-					
Add-back for 1st half of 1991 Sharing True-up		-			-					
Add-back for 1st half of 1992 Sharing	1993 492A _			_	1,821					
Total	=			=	1,821					
Effective tax rate		40.14%			41.05%					

Note: 1991 earnings per Form 492 were less than the sharing threshold, so add-back is not an issue for the 1992 sharing calculation.

Nevada Bell - Refund Liability for Add-Back Order (\$000's)

	19	92 Sharing Calculat	tion	19	1993 Sharing Calculation					
	=	Adjusted			Adjusted					
	As Filed	for Add-back	<u>Difference</u>	As Filed	for Add-back	Difference				
Revenue	50,422	50,571	149	51,731	52,964	1,233				
Expenses and Taxes	39,382	39,433	51	40,161	40,593	432				
Net Return	11,040	11,138	98	11,570	12,371	801				
Average Net Investment	71,087	71,087		66,744	66,744	-				
Rate of Return	15.53%	15.67%	0.14%	17.33%	18.54%	1.20%				
100% Sharing Benchmark	16.75%	16.75%	0.00%	16.75%	16.75%	0.00%				
Excess Return subject to 100% Sharing	n/a	n/a	n/a	0.58%	1.79%	1.20%				
Average Net Investment	71,087	71,087	=	66,744	66,744	-				
Excess Earnings subject to 100% Sharing	n/a	n/a	n/a	390	1,192	801				
50% Sharing Benchmark (See Note 1)	12.25%	12.25%	0.00%	12.75%	12.75%	0.00%				
Excess Return subject to 50% Sharing	3.28%	3.42%	0.14%	4.00%	4.00%	0.00%				
Average Net Investment	71,087	71,087	-	66,744	66,744	-				
Excess Earnings subject to 50% Sharing	2,332	2,430	98	2,670	2,670	-				
Sharing Percentage	50%	50%	0%	50%	50%	0%				
Earnings shared at 50%	1,166	1,215	49	1,335	1,335	-				
Total Earnings to be Shared	1,166	1,215	49	1,725	2,527	801				
Income tax gross-up	601	626	25	929	1,361	432				
Interest at 11.25%	199	207	8	299	437	139				
Total Sharing Refund prior to headroom offset	1,965	2,048	83	2,953	4,325	1,372				
Offset for Headroom			-			(415)				
Total Sharing Refund after headroom offset, excluding	interest	_	83		-	957				
Cumulative interest	,		63			612				
Total Sharing Refund after headroom offset, including	interest	=	145		=	1,569				
Total 1992 and 1993 Refund Liability						1,714				

Add-back Amounts for Prior Years' Sharing	<u>Source</u>		
Add-back for 1st half of 1991 Sharing	4/93 TFP	149	-
Add-back for 2nd half of 1991 Sharing	4/93 TFP	-	149
Add-back for 1st half of 1991 Sharing True-up	4/93 TFP	-	101
Add-back for 1st half of 1992 Sharing	1992 492A	-	983
Total		149	1,233
Effective tax rate		34%	35%

Note 1: For the 7/1/92 - 6/30/93 tariff period, Nevada elected the 3.3% Productivity factor and thus the sharing threshold was 12.25%. For the 7/1/93 - 6/30/94 tariff period, Nevada elected the 4.3% Productivity factor, thus the sharing threshold was 13.25%. Therefore, 1993 was a split year with the first half utilizing the 12.25% threshold and the second half utilizing the 13.25% threshold. The average threshold was 12.75%.

AMERITECH ADD-BACK ADJUSTMENT LESS HEADROOM BASKET ALLOCATION

Impact of 1992 ADD-BACK reflected in 1993 sharing for Ameritech (93 Annual Filing)

Line Description	Co	ommon Line	Tra	affic Sensitive	Specials	In	terexchange		Total
Below Cap \$ Headroom		N/A	\$	10,746,977	\$ 1,649,067	\$	11,714,771 \$	3	24,110,815 *
1992 ADD-BACK (1993 Sharing)	\$	2,375,960	\$	1,827,135	\$ 701,747	\$	154,157 \$	5	5,059,000 ***
Potential ADD-BACK Refund	\$	2,375,960		0	0		0 \$;	2,375,960
Headroom Offset							\$	5	2,683,040

Impact of 1993 ADD-BACK reflected in 1994 sharing for Ameritech (94 Annual Filing)

Line Description	Co	ommon Line	Tra	affic Sensitive	Trunking	Int	terexchange	Total	
Below Cap \$ Headroom		N/A	\$	12,821,546	\$ 32,664,837	\$	6,583,769	\$ 52,070,152	**
1993 ADD-BACK (1994 Sharing)	\$	4,417,968	\$	1,640,274	\$ 3,089,110	\$	260,647	\$ 9,408,000	***
Potential ADD-BACK Refund	\$	4,417,968		0	0		0	\$ 4,417,968	
Headroom Offset								\$ 4,990,032	

^{*} Ameritech Trans #735

^{**} Ameritech Trans #791

^{***} Exhibit 1

PACIFIC ADD-BACK ADJUSTMENT LESS HEADROOM BASKET ALLOCATION

1993 ADD-BACK reflected in 1994 Annual Filing - Pacific Bell

Line Description	Co	mmon Line	Traff	fic Sensitive	Trunking	Inter	exchange	Total
Below Cap \$ Headroom		N/A	\$	13,924	\$ 362,352	\$	630 \$	376,906 *
1993 ADD-BACK (1994 Sharing)	\$	553,132	\$	192,904	\$ 266,854	\$	109 \$	1,013,000 **
Potential ADD-BACK Refund	\$	553,132	\$	178,980	0		0 \$	732,113
Headroom Offset							\$	280,887

^{*} Pacific Bell Trans #1701

^{**} Exhibit 2

NEVADA ADD-BACK ADJUSTMENT LESS HEADROOM BASKET ALLOCATION

Impact of 1992 ADD-BACK reflected in 1993 sharing for Nevada (93 Annual Filing)

Line Description	Con	nmon Line	Traffi	ic Sensitive	Specials	Inter	exchange	Total	
Below Cap \$ Headroom		N/A		0	0		0	\$ -	*
1992 ADD-BACK (1993 Sharing)	\$	32,480	\$	41,232	\$ 9,145	\$	142	\$ 83,000	***
Potential ADD-BACK Refund	\$	32,480	\$	41,232	\$ 9,145	\$	142	\$ 83,000	
Headroom Offset								\$ -	

Impact of 1993 ADD-BACK reflected in 1994 sharing for Nevada (94 Annual Filing)

Line Description	Co	mmon Line	Traf	ffic Sensitive	Trunking	Ir	nterexchange	Total
Below Cap \$ Headroom		N/A	\$	3,280	\$ 973,628	\$	2	\$ 976,910 **
1993 ADD-BACK (1994 Sharing)	\$	499,910	\$	457,765	\$ 412,072	\$	2,254	\$ 1,372,000 ***
Potential ADD-BACK Refund	\$	499,910	\$	454,485	0	\$	2,252	\$ 956,646
Headroom Offset	\$	-	\$	3,280	\$ 412,072	\$	2	\$ 415,354

^{*} Nevada Bell Trans #168

^{**} Nevada Bell Trans #199

^{***} Exhibit 3

SBC Communications Inc. Refund Liability for Add-Back Order (\$000's)

		Headroom	Refund		
Ameritech	Sharing *	Offset **	Amount	Interest ***	Net Refund
Common Line	2,376	-	2,376	1,793	4,169
Traffic Sensitive	1,827	(1,827)	-	-	-
Specials	702	(702)	-	-	-
Interexchange	154	(154)	-	-	-
1992 Sharing Year	5,059	(2,683)	2,376	1,793	4,169
Common Line	4,418	-	4,418	2,828	7,246
Traffic Sensitive	1,640	(1,640)	-	-	-
Specials	3,089	(3,089)	-	-	-
Interexchange	261	(261)	-	-	-
1993 Sharing Year	9,408	(4,990)	4,418	2,828	7,246
Total for Ameritech	14,467	(7,673)	6,794	4,621	11,415

		Headroom	Refund		
Pacific Bell	Sharing *	Offset **	<u>Amount</u>	Interest ***	Net Refund
Common Line	-	-	-	-	-
Traffic Sensitive	-	-	-	-	-
Specials	-	-	-	-	-
Interexchange	-	-	-	-	-
1992 Sharing Year	-	-	-	-	-
Common Line	553	-	553	354	907
Traffic Sensitive	193	(14)	179	115	294
Specials	267	(267)	-	-	-
Interexchange	0	0	0	-	0
1993 Sharing Year	1,013	(281)	732	469	1,201
Total for Pacific Bell	1,013	(281)	732	469	1,201

		Headroom	Refund		
Nevada Bell	Sharing *	Offset **	<u>Amount</u>	Interest ***	Net Refund
Common Line	32	-	32	25	57
Traffic Sensitive	41	-	41	31	72
Specials	9	-	9	7	16
Interexchange	0	-	0	0	0
1992 Sharing Year	83	-	83	63	146
Common Line	500	_	500	320	820
Traffic Sensitive	458	(3)	454	291	745
Specials	412	(412)	-	-	-
Interexchange	2	(0)	2	1	4
1993 Sharing Year	1,372	(415)	957	612	1,569
Total for Nevada Bell	1,455	(415)	1,040	675	1,714

		Headroom	Refund		
Total SBC	Sharing *	Offset **	Amount	Interest ***	Net Refund
Common Line	2,408	-	2,408	1,818	4,226
Traffic Sensitive	1,868	(1,827)	41	31	72
Specials	711	(702)	9	7	16
Interexchange	154	(154)	0	0	0
1992 Sharing Year	5,142	(2,683)	2,459	1,856	4,315
Common Line	5,471	-	5,471	3,502	8,973
Traffic Sensitive	2,291	(1,657)	633	405	1,039
Specials	3,768	(3,768)	-	-	-
Interexchange	263	(261)	2	1	4
1993 Sharing Year	11,793	(5,686)	6,107	3,909	10,016
Total for SBC	16,935	(8,369)	8,566	5,764	14,330

^{*} Exhibits 1,2,3
** Exhibits 4,5,6
*** Exhibits 7, 8, 9

1993 Annual Filing Price Caps Tariff Review Plan PCI Components

		COMMON LINE BASKET	TRAFFIC SENSITIVE BASKET	SPECIAL ACCESS BASKET	INTEREXCHANGE BASKET	
		(A)	(B)	(C)	(D)	
100 110	GNP-PI Productivity Factor (X)	3.0176 3.3000	3.0176 3.3000	3.0176 3.3000	3.0176 3.0000	
120	GNP-PI - X	-0.2824	-0.2824	-0.2824	0.0176	
130	Y(t-1)	N/A	N/A	N/A	23,596,743	
140	Delta Y	N/A	N/A	N/A	(1,473,570)	
150	Delta Z	79,211,184	(94,190,876)	(32,358,435)	(12,277)	
	Add Back Amount	(2,375,960)	0	0	v o	
	Revised Delta Z w add back	76,835,224	(94,190,876)	(32,358,435)	(12,277)	
160	R(t-1)	994,336,329	914,991,336	333,164,219	69,045,679	
170	Delta Y/R	N/A	N/A	N/A	-2.13	
180	Delta Z/R	7.7273	-10.2942	-9.7125	-0.0178	
190	W	107.7273	89.7058	90.2875	65.8067	
200	W*(GNP-PI - X)	N/A	-0.2533	-0.2550	0.0116	
210	Growth in Min./Line (G)	3.9683	N/A	N/A	N/A	
220	W*[GNP-PI - X - (G/2)] / [1 + (G/2)]	-2.3942	N/A	N/A	N/A	
230	Existing PCI in AF	90.0365	95.1072	98.7430	98.6248	
240	Proposed PCI in AF	95.0486	85.0758	88.9009	96.5139	
	Revised Proposed PCI w/Addback	94.8383	85.0758	88.9009	96.5139	

1994 Annual Filing Price Caps Tariff Review Plan PCI Components

		COMMON LINE BASKET	TRAFFIC SENSITIVE BASKET	TRUNKING BASKET	INTEREXCHANGE BASKET
		(A)	(B)	(C)	(D)
100	GNP-PI	2.8363	2.8363	2.8363	2.8363
110	Productivity Factor (X)	3.3000	3.3000	3.3000	3.0000
120	GNP-PI - X	-0.4637	-0.4637	-0.4637	-0.1637
130	Y(t-1)	N/A	N/A	N/A	20,741,547
140	Delta Y	N/A	N/A	N/A	(1,782,729)
150	Delta Z in Original AF	(71,606,194)	(7,734,759)	(14,953,407)	(1,319,344)
	Add Back Amount	(4,417,968)	0	0	0
	Revised Delta Z w add back	(76,024,162)	(7,734,759)	(14,953,407)	(1,319,344)
160	R(t-1)	1,106,133,133	383,851,924	754,771,333	60,624,834
170	Delta Y/R	N/A	N/A	N/A	-2.94
180	Delta Z/R	-6.8730	-2.0150	-1.9812	-2.1762
190	W	93.1270	97.9850	98.0188	63.6108
200	W*(GNP-PI - X)	N/A	-0.4544	-0.4545	-0.1041
210	Growth in Min./Line (G)	1.4766	N/A	N/A	N/A
220	W*[GNP-PI - X - (G/2)] / [1 + (G/2)]	-1.1112	N/A	N/A	N/A
230	Existing PCI in AF	95.0486	85.0709	90.9324	96.5139
240	Proposed PCI in AF	87.8349	82.9702	88.7175	91.4749
	Revised Proposed PCI w/Addback	87.4598	82.9702	88.7175	91.4749

1993 Annual Filing Price Caps Tariff Review Plan PCI Components

		COMMON LINE BASKET		TRAFFIC SENSITIVE BASKET		SPECIAL ACCESS BASKET		INTEREXCHANGE BASKET		
			(A)		(B)		(C)		(D)	
100	GNP-PI		3.0176		3.0176		3.0176		3.0176	
110 120	Productivity Factor (X) GNP-PI - X		4.3000 -1.2824		4.3000 -1.2824		4.3000 -1.2824		4.0000 -0.9824	
130	Y(t-1)		16,720,546		25,368,384		5,593,335		81,600	
140	Delta Y	N/A	.0,.20,0.0	N/A		N/A	0,000,000		(1)	
150	Delta Z in Original AF		1,117,957		(2,769,194)		(580,664)		(3,032)	
	Add Back Amount		(32,480)		(41,232)		(9,146)		(142)	
	Revised Delta Z w add back		1,085,477		(2,810,426)		(589,810)		(3,174)	
160	R(t-1)		16,720,546		25,368,384		5,593,335		81,600	
170	Delta Y/R	N/A		N/A		N/A			-0.001536	
180	Delta Z/R		6.4919		-11.0785		-10.5449		-3.8897	
190	W		106.4919		88.9215		89.4551		96.1103	
200	W*(GNP-PI - X)	N/A			-1.1403		-1.1472		-0.9442	
210	Growth in Min./Line (G)		2.3000	N/A		N/A		N/A		
220	W*[GNP-PI - X - (G/2)] / [1 + (G/2)]		-2.5609	N/A		N/A		N/A		
230	Existing PCI		87.9776		95.9200		101.1546		100.2713	
240	Proposed PCI in AF		91.6028		84.3536		89.4908		94.5900	
	Revised Proposed PCI w/Addback		91.4360		84.1997		89.3276		95.4227	

1994 Annual Filing Price Caps Tariff Review Plan PCI Components

		COMMON LINE BASKET (A)		TRAFFIC SENSITIVE BASKET (B)		TRUNKING BASKET (C)		INTEREXCHANGE BASKET (D)	
100 110	GNP-PI Productivity Factor (X)		2.8363 4.3000		2.8363 4.3000		2.8363 4.3000		2.8363 4.0000
120	GNP-PI - X		-1.4637		-1.4637		-1.4637		-1.1637
130	Y(t-1)	N/A		N/A		N/A			20,761
140	Delta Y	N/A		N/A		N/A			(1,722)
150	Delta Z in Original AF		509,929		(92,869)		(310,587)		(764)
	Add Back Amount		(499,910)		(454,485)		0		(2,251)
	Revised Delta Z w add back		10,019		(547,354)		(310,587)		(3,015)
160	R(t-1)		17,008,771		14,879,352		15,519,977		79,804
170	Delta Y/R	N/A		N/A		N/A			-2.16
180	Delta Z/R		0.0589		-3.6786		-2.0012		-3.7780
190	W		100.0589		96.3214		97.9988		70.2070
200	W*(GNP-PI - X)	N/A			-1.4099		-1.4344		-0.8170
210	Growth in Min./Line (G)		-3.1500	N/A		N/A		N/A	
220	W*[GNP-PI - X - (G/2)] / [1 + (G/2)]		0.1131	N/A		N/A		N/A	
230	Existing PCI		91.6028		84.3536		89.4908		94.5900
240	Proposed PCI in AF		94.1850		82.6001		86.4162		90.8395
	Revised Proposed PCI w/Addback		91.7604		80.0613		86.4162		88.2025

1994 Annual Filing Price Caps Tariff Review Plan PCI Components

		COMMON LINE BASKET	TRAFFIC SENSITIVE BASKET	SPECIAL ACCESS BASKET	INTEREXCHANGE BASKET	
		(A) (B)		(C)	(D)	
100	GNP-PI	2.8360	2.8360	2.8360	2.8360	
110	Productivity Factor (X)	3.3000	3.3000	3.3000	3.0000	
120	GNP-PI - X	-0.4640	-0.4640	-0.4640	-0.1640	
130	Y(t-1)	N/A	N/A	N/A	0	
140	Delta Y	N/A	N/A	N/A	0	
150	Delta Z in Original AF	30,224,703	(2,187,878)	(2,854,779)	1,671	
	Add Back Amount	(553,132)	(178,981)	0	0	
	Revised Delta Z w add back	29,671,571	(2,366,859)	(2,854,779)	1,671	
160	R(t-1)	853,366,696	309,419,532	424,769,285	172,785	
170	Delta Y/R	N/A	N/A	N/A	0.00	
180	Delta Z/R	3.4770	-0.7649	-0.6721	0.9671	
190	W	103.4770	99.2351	99.3279	100.9671	
200	W*(GNP-PI - X)	N/A	-0.4605	-0.4609	-0.1656	
210	Growth in Min./Line (G)	6.1900	N/A	N/A	N/A	
220	W*[GNP-PI - X - (G/2)] / [1 + (G/2)]	-3.5722	N/A	N/A	N/A	
230	Existing PCI	94.6949	100.0000	83.2996	82.6535	
240	Proposed PCI in AF	94.6640	98.8322	82.3558	83.3160	
	Revised Proposed PCI w/Addback	94.6048	98.7746	82.3558	83.3160	